

June 28, 2021

Committee on Appropriations
U.S. House of Representatives
H-307 The Capitol
Washington, DC 20515

Dear Chairwoman DeLauro, Ranking Member Granger and members of the House Committee on Appropriations:

On behalf of the National Active and Retired Federal Employees Association (NARFE), I write to urge the House Committee on Appropriations to amend the fiscal year 2022 Financial Services and General Government (FSGG) appropriations bill approved by the FSGG subcommittee to include an explicit federal pay increase of at least 2.7 percent, on average, for 2022. I also write to express support for the provision of a working capital fund for information technology (IT) modernization at the Office of Personnel Management (OPM).

Explicit Support for Federal Pay Increase in 2022

While the subcommittee's FSGG appropriations bill provided implicit support for President Biden's proposed 2.7 percent average pay increase, it failed to provide clear support for a meaningful raise for our nation's public servants. This leaves federal employees in a precarious position. Without specific reference to a pay adjustment in the bill, federal employees must rely on the good faith of President Biden to follow through on his budget request. Silence from the appropriations committee avoids its responsibility to determine federal pay rate adjustments, a departure from its historical role. It also weakens the House's negotiating position on the issue. Finally, it sends the wrong signal to hard-working civil servants, who deserve better than silent endorsement. They deserve fully funded and open congressional support for a meaningful pay raise.

In the past year, federal employees rededicated themselves to performing at high levels while weathering a global pandemic; countless were on the front lines, risking their health to serve the American people. In the process, more than 100,000 federal employees serving this country have tested positive for the coronavirus.¹ And while many federal employees could work remotely, they often did so while struggling to care for their families, like so many Americans. We ought to recognize and honor their service with more than just words.

But it's not just about rewarding service and sacrifice. Federal pay rates must be adjusted annually to maintain the competitive pay required to recruit and retain a well-

¹ Katz, Eric. "Coronavirus Cases Are Spiking At Federal Agencies." *Government Executive*, November 13, 2020, <https://www.govexec.com/workforce/2020/11/coronavirus-cases-are-spiking-federal-agencies/170010/>.

qualified and high-performing workforce. The doctors and nurses who care for our veterans, the cybersecurity professionals tasked with protecting critical infrastructure and responding to emerging threats, NASA engineers, NIH scientists, federal law enforcement and intelligence officers, prosecutors and judges, these individuals – and many more of those who make up our federal workforce – require adequate compensation or else we risk losing their talents.

Pursuant to the Federal Employees' Pay Comparability Act of 1990 (FEPCA), federal employees should receive a 2.2 percent increase in federal pay rates in January 2022² prior to any amount being provided for locality pay rate increases.³ This suggested percentage increase is based on the 2.7 percent increase in wages and salaries paid to workers in the private sector, as measured by the Employment Cost Index (ECI).⁴ This 2.7 percent increase in the ECI also serves as the default military pay increase for 2022. An average 0.5 percent increase to locality pay rates would ensure an average pay increase of 2.7 percent, at parity with the expected military pay increase and recent private-sector pay increases.

For these reasons, NARFE requests the full House Committee on Appropriations to amend the FSGG appropriations bill to include explicit language authorizing an average federal pay increase of at least 2.7 percent via a 2.2 percent across-the-board increase, and at least a 0.5 percent average increase to locality pay rates.

OPM IT Working Capital Fund

We appreciate the subcommittee's inclusion of language in the FSGG appropriations bill allowing the transfer of funds into an OPM IT Working Capital Fund.

The state of IT at OPM is in dire need of modernization. The continuation of a paper-based retirement processing system should make the case obvious. But a recent congressionally mandated report by the National Academy of Public Administration on OPM removes any doubt.⁵

² While FEPCA would dictate a 2.2 percent pay increase prior to locality pay adjustments, private-sector pay rates are projected to increase by an average of 2.9 percent in 2021, according to World at Work. See: www.worldatwork.org/docs/research-and-surveys/sbs/SBS2020-21_TopLevelData.pdf.

³ Locality pay differs by geographic areas and is designed to close the gap between private-sector pay and federal pay in comparative labor markets. Locality pay has never been fully implemented due to the large costs involved. As of October 2020, private-sector workers are paid 23.11 percent more than federal workers engaged in substantially equal work, according to the most recent data from the Federal Salary Council. The Federal Salary Council compares federal and private-sector pay for similar jobs based on Bureau of Labor Statistics survey data.

⁴ For FY2022, the relevant change in the ECI is from the third quarter of 2019 to the third quarter of 2020.

⁵ "Elevating Human Capital: Reframing the U.S. Office of Personnel Management's Leadership Imperative," National Academy of Public Administration, March 2021, available at: <https://s3.us-west-2.amazonaws.com/napa-2021/studies/united-states-office-of-personnel-management-independent-assessment/OPM-Final-Report-National-Academy-of-Public-Administration.pdf>.

Despite OPM's challenges, the report found that the "[Office of the Chief Information Officer (OCIO)] has made considerable progress addressing IT deficiencies during the last 2-3 years." But without a dedicated source of funding for major IT projects and sustained investment in IT modernization, the momentum from recent improvements could be squandered. The new working capital fund transfer authority should address this problem and provide the opportunity for continued progress.

Furthermore, NARFE supports the subcommittee's inclusion of language requiring the advance approval of the House and Senate appropriations committees for transfers to the working capital fund. This will help ensure accountability for the use of funds. While we are encouraged by recent progress by the OCIO, OPM's longer track record is poor. Congressional oversight should guard against misdirection of funds away from the most important IT modernization goals.

For these reasons, NARFE supports the FSGG appropriations bill language allowing for an OPM IT working capital fund.

Thank you for your consideration of our views. If you have any questions or comments, please contact NARFE's Staff Vice President for Policy and Programs Jessica Klement at jklement@narfe.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ken Thomas', with a stylized flourish at the end.

Ken Thomas
National President